

ANALYSIS

An ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to implement the provisions of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code, commonly known as the "Mills Act," to authorize real property tax reductions for owners of certain qualified historical properties within the unincorporated areas of the County of Los Angeles, provided the owners enter into binding agreements to preserve and, when necessary, restore and rehabilitate those properties.

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ORDINANCE NO. _____

An ordinance amending Title 22 – Planning and Zoning of the Los Angeles County Code to implement the provisions of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code, commonly known as the "Mills Act," to authorize real property tax reductions for owners of certain qualified historical properties within the unincorporated areas of the County of Los Angeles, provided the owners enter into binding agreements to preserve and, when necessary, restore and rehabilitate those properties.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Part 26 of Chapter 22.52 is hereby added to read as follows:

Part 26. Los Angeles County Mills Act Program.

22.52.2700 Title for Citation.

22.52.2710 Purpose and Intent.

22.52.2720 Definitions.

22.52.2730 Program Eligibility.

22.52.2740 Program Implementation.

22.52.2750 Application.

22.52.2760 Inspection of the Property.

22.52.2770 Grant or Denial of the Application.

22.52.2780 Exemption from Disqualification.

22.52.2790 Required Provisions of an Historical Property Contract.

22.52.2800 Recordation of an Historical Property Contract.

22.52.2810 Cancellation of an Historical Property Contract.

22.52.2820 Administrative Guidelines; Form Historical Property Contract.

22.52.2700 Title for Citation.

The provisions of this Part 26 of Chapter 22.52 are known as, and may be cited as, the "Los Angeles County Mills Act Program."

22.52.2710 Purpose and Intent.

The purpose of this Program is to provide an incentive for owners of qualified historical properties within the unincorporated areas of the County to preserve, restore, and rehabilitate the historic character of such properties, thereby providing an historical, architectural, social, artistic, and cultural benefit to the citizens of the County, as authorized by the provisions of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code, which provisions are commonly known as the "Mills Act."

22.52.2720 Definitions.

For the purposes of this part, and in addition to the definitions set forth in Chapter 22.08, the following words and phrases are defined as follows:

- A. "Application" means an application to enter into an historical property contract.
- B. "Department" means the Department of Regional Planning of the County of Los Angeles.

C. "Historical property contract" means a contract between the Director and the owner of a qualified historical property and which meets all the requirements of this part and of sections 50280 through 50290, inclusive, of the California Government Code.

D. "Landmarks Commission" means the Los Angeles County Historical Landmarks and Records Commission.

E. "Owner" or "owners" means those individuals, partnerships, or corporations holding any portion or all of the fee simple title to a qualified historical property.

F. "Preservation" or "preserve" means the act or process of applying measures necessary to sustain the existing form, integrity, and materials of a qualified historical property.

G. "Program" means the Los Angeles County Mills Act Program.

H. "Qualified historical property" means property which meets the definition of a "qualified historical property" as set forth in section 50280.1 of the California Government Code, and which is located within the unincorporated areas of the County. A property located within a national, State, or County registered historic district is not a "qualified historical property" for the purposes of this part unless the property is certified by the Secretary of Interior, the State, or the County as being of historic significance to the relevant historic district.

I. "Rehabilitation" or "rehabilitate" means the act or process of making possible an efficient compatible use for a property through repair, alterations, and

additions while preserving those portions or features of the property that convey its historical, cultural, or architectural values. For the purposes of this definition, "compatible use" means the property's historical use or a new use that requires minimal change to the property's distinctive materials, features, spaces, and spatial relationships.

J. "Restoration" or "restore" means the act or process of accurately depicting the form, features, and character of a property as it appeared at a particular period of time by means of removing features of the property from other periods in its history and reconstructing its missing features from the restoration period.

22.52.2730 Program Eligibility.

Only qualified historical properties shall be eligible to participate in the Program.

22.52.2740 Program Implementation.

To implement the Program, the Director shall propose provisions to control the cost to the County of the operation of the Program, including but not limited to provisions designed to limit the total reduction in unrealized property tax revenue to the County resulting from historical property contracts. The Director, in consultation with the Landmarks Commission, shall also propose priority criteria by which an application can receive priority consideration over other applications. Such provisions and priority criteria must be approved by the Board of Supervisors, and may be amended from time to time by the Board of Supervisors.

22.52.2750 Application.

A. Any person may file an application with the Director to enter into an historical property contract. An application must be accompanied by the applicable application fee, which shall be non-refundable.

B. An application shall contain the following information:

1. Name and address of the applicant and of all owners of the subject property;
2. Evidence that the applicant is the sole owner of the subject property or has the written permission of all owners to make such application;
3. The location and legal description of the subject property;
4. Evidence that the subject property is a qualified historical property;
5. A proposed plan for the preservation and, when necessary, the restoration and/or rehabilitation of the subject property, including a plan for all construction and maintenance work which is proposed to be performed;
6. Evidence satisfactory to the Director that execution of the historical property contract will result in the preservation and, when necessary, the restoration and/or rehabilitation of a qualified historical property, which property is otherwise threatened by abandonment or deterioration, or which cannot be preserved without the financial incentives available under the Program due to the economic hardship of the owner or owners of the property. Economic hardship may be established by evidence that the owner or owners of the property do not have the necessary financial means, including but not limited to income, mortgage financing, private capital, or public loans,

necessary to pay for the work required to preserve the property, and that the owner or owners are not reasonably likely to acquire such financial means in time to avoid the abandonment or deterioration of the subject property; and

7. Such other information as the Director may require.

22.52.2760 Inspection of the Property.

After the Director determines that an application to participate in the Program is complete, the Director shall cause to be conducted, and the owner or owners shall allow, an inspection of the interior and exterior of the subject property to substantiate the information and evidence contained in the application, and to determine whether the work proposed as part of the plan required by Section 22.52.2750.B.5 is necessary for and will result in the preservation and, when necessary, the restoration and/or rehabilitation of the subject property.

22.52.2770 Grant or Denial of the Application.

A. Grant of Application. The Director may grant an application if, after the inspection required by Section 22.52.2760, the Director determines that the information and evidence contained in the application has been substantiated, and that the work proposed as part of the plan required by Section 22.52.2750.B.5 is necessary for and will result in the preservation and, when necessary, the restoration and/or rehabilitation of the subject property. Upon granting the application, the Director and all owners of the subject property shall execute an historical property contract containing all of the provisions required by Section 22.52.2790, and including the plan required by Section 22.52.2750.B.5 as an exhibit, incorporating its provisions into the contract. An

historical property contract shall not be effective for any purpose unless all owners of the subject property execute the historical property contract and pay the applicable non-refundable, contract execution fee. Within 20 calendar days after execution of the contract, the owner or owners shall pay all required inspection, recording, and other fees set forth in the contract.

B. Denial of Application. The Director shall deny the application if it fails to contain the information and evidence required by Section 22.52.2750, or if the Director determines that such evidence and/or information has not been satisfactorily substantiated following inspection of the subject property pursuant to Section 22.52.2760. The Director shall also deny the application if he/she determines that granting the application would be inconsistent with any approved provisions described in Section 22.52.2740. At any time prior to denying an application, the Director may suggest modifications or changes to the application which, if adopted by the applicant, would cause the application to conform to the requirements of this part.

C. No Administrative Appeal. Other than as provided in Section 22.52.2780, the decision of the Director on the application shall be final and shall not be subject to administrative appeal.

22.52.2780 Exemption from Disqualification.

Where a qualified historical property is ineligible to participate in the Program because of any approved provisions described in Section 22.52.2740, the owner or other person authorized by the owner may file a request with the Director for an exemption from the disqualifying provisions pursuant to this section.

A. Requirements for Exemption Request. A request for an exemption shall be accompanied by the applicable application fee and the applicable exemption request fee. The exemption request shall contain the information and evidence required by Section 22.52.2750. In addition, the exemption request shall include evidence that, notwithstanding the disqualifying provisions, the subject property is deserving of an historical property contract due to its exceptional nature, or because it is subject to special circumstances not generally applicable to other qualified historical properties. After the Director determines that the exemption request application is complete, the Director shall inspect the property pursuant to Section 22.52.2760 for the purposes described therein and to evaluate whether the exemption is warranted due to the exceptional nature of the subject property or because the subject property is subject to special circumstances not generally applicable to other qualified historical properties.

B. Director's Recommendation. Upon completion of his/her review of the exemption request and inspection of the subject property, the Director shall make a recommendation to the Board of Supervisors to approve or deny the request based on the criteria set forth in Section 22.52.2770.A, and also based on whether there is sufficient evidence showing that the subject property has an exceptional nature or is subject to special circumstances not generally applicable to other qualified historical properties that warrant the exemption.

C. Board of Supervisors' Decision. The Board of Supervisors may grant the exemption request if it finds that the applicant has substantiated the information and evidence required under subsection A of this section, and that the work proposed as

part of the plan required by Section 22.52.2750.B.5 is necessary for and will result in the preservation and, when necessary, the restoration and/or rehabilitation of the subject property. If the Board of Supervisors grants the exemption request, the Director and all owners shall execute an historical property contract as described in Section 22.52.2770.A.

22.52.2790 Required Provisions of an Historical Property Contract.

An historical property contract must contain all of the provisions required by sections 50280, 50281, and 50282 of the California Government Code, and shall also include provisions that require:

A. That the preservation, and any restoration and/or rehabilitation of the qualified historical property, conform to any rules and regulations established or adopted by the County regarding the preservation, restoration, and/or rehabilitation of qualified historical properties.

B. An inspection of the interior and exterior of the premises by the Department every five years, or on any more frequent basis as the Director deems necessary, to determine the owner's or owners' compliance with the contract.

C. The owner or owners to provide all information requested by the Director or the Department for purposes of determining the owner's or owners' compliance with the contract.

D. Such other terms and provisions as the Director determines are necessary.

22.52.2800 **Recordation of an Historical Property Contract.**

Not later than 20 calendar days after the execution of an historical property contract, the Director shall cause to be recorded with the County Registrar-Recorder/County Clerk a copy of the contract, which contract must adequately describe the subject property. The Department shall provide all owners with a copy of the recorded contract.

22.52.2810 **Cancellation of an Historical Property Contract.**

An historical property contract shall be cancelled under the circumstances and pursuant to the procedures described in this section. No historical property contract may be cancelled unless and until the Department has given notice of, and a hearing officer has held, a public hearing pursuant to this section.

A. Circumstances for Cancellation. An historical property contract shall be cancelled under the following circumstances:

1. If the hearing officer determines that the owner of the subject property has breached any of the conditions of the historical property contract or has allowed the subject property to deteriorate to the point that it no longer meets the standards for a qualified historical property;

2. The subject property is demolished, destroyed, or significantly altered due to a natural disaster such that the subject property no longer meets the standards for a qualified historical property and the hearing officer determines, after consultation by the Director with the State Office of Historic Preservation, that preservation, rehabilitation, or restoration of the subject property is infeasible; and

3. The subject property has been acquired in whole or in part by eminent domain by an entity authorized to exercise eminent domain, if the hearing officer determines that the eminent domain acquisition frustrates the purposes of the historical property contract.

B. Public Hearing Procedure.

1. No later than 30 calendar days prior to the public hearing on the cancellation of an historical property contract, the Department shall mail notice of the public hearing to the last known address of each owner of the qualified historical property and shall publish notice of the public hearing pursuant to sections 6060 and 6061 of the California Government Code.

2. The public hearing on the matter shall be conducted by a hearing officer pursuant to Section 22.60.176 of this code. Within 10 business days after the public hearing, the hearing officer shall make a determination as to whether any of the circumstances described in subsection A of this section have been met. If such a determination is made, the hearing officer shall declare the historical property contract cancelled, and within 20 calendar days after such determination, the Department shall record a notice of contract cancellation with the County Registrar-Recorder/County Clerk. The hearing officer shall mail notice of the action taken to the same persons to whom notice of the public hearing was mailed pursuant to subsection B.1 of this section.

C. Cancellation Fee.

1. Except as provided in subsection C.2 of this section, if an historical property contract is declared cancelled pursuant to subsection B.2 of this section, the owner or owners shall pay a cancellation fee equal to 12 1/2 percent of the current fair market value of the property, as determined by the County Assessor as though the property were free of the contractual restriction. The cancellation fee shall be paid to the County Auditor-Controller at the time and in the manner that the County Auditor-Controller shall prescribe and shall be allocated by the County Auditor-Controller as required by section 50286 of the California Government Code.

2. The cancellation fee described in subsection C.1 of this section shall not apply to an historical property contract cancelled because of a circumstance described in subsection A.2 or A.3 of this section.

D. No Administrative Appeal. The decision of the hearing officer on the cancellation of the historical property contract shall be final and shall not be subject to administrative appeal.

22.52.2820 Administrative Guidelines; Form Historical Property Contract.

A. The Director, in consultation with the Landmarks Commission, shall issue administrative guidelines to implement this part, which guidelines shall provide for the administration and operation of the Program. The administrative guidelines shall also include any provisions and priority criteria approved by the Board of Supervisors pursuant to Section 22.52.2740.

B. The Director shall prepare a form historical property contract for approval by the Board of Supervisors which contains, at a minimum, all the provisions described in Section 22.52.2790.

SECTION 2. Section 22.60.100 is hereby amended to read as follows:

22.60.100 Filing fEees and dEposits.

A. For the purpose of defraying the expense involved in connection with any application or petition required or authorized by this Title 22, the following fees shall accompany the application or petition:

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— Interim Management Permits for Surface Mines — \$1,477.00.

— Mills Act Program, Application Fee — \$982.00.

— Mills Act Program, Contract Execution Fee — \$543.00.

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